

Memorandum

To: Panel Members Date: December 19, 2002

From: Ron Tagami, Manager
Peter DeMauro, General Counsel Analyst: S. Lipkin

Subject: One-Step Agreement for **Advanced Material Joining Corporation, DBA Advanced Technology Company <100**
(www.at-co.com)

CONTRACTOR:

- Training Project Profile: Retraining companies with out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 77
 - In California: 77
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$14,400
- Substantial Contribution: \$0
- Total ETP Funding: \$14,400
- In-Kind Contribution: \$16,920
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Bolero Associates LLC, Orange, California	\$13,500 (training)
Bolero Associates LLC, Orange, California	\$1,300 (administration)

THIRD PARTY SERVICES:

Bolero Associates LLC assisted with the preparation of the training plan, curriculum, Single Employer Certification, and other agreement requirements. The amount reimbursed for services is \$2,000, which the applicant states is based on a flat rate.

NARRATIVE:

This project was brought to the Panel's attention through the marketing efforts of the California Manufacturers & Technology Association.

This project is eligible for ETP funding under the out-of-state competition provisions outlined in Title 22, California Code of Regulations, Section 4416(a) (1) a company that produces a product sold out-of-state and (2) a company that produces a product sold in-state which competes with products produced out-of-state.

Advanced Materials Joining Corporation DBA Advanced Technology Company (ATCo) was founded by Robert DeSilvestri in 1971 as an electron beam welding and vacuum furnace-brazing house. The company found a niche market servicing the major aerospace companies and prospered during the early 1980's when the aerospace industry was flourishing. Today the company has market shares in five distinct areas: Aviation, Laser Processing, Electron Beam Welding, Metal Fabrication, and Pulsation and Acoustic controls.

In the last several years, ATCo has experienced severe pricing pressure in all areas of its business and an increased demand for perfection in each aspect of its operations. To remain competitive in the world market, the company can no longer conduct "business as usual" and must move to become a High Performance Workplace.

Technology and the global environment have brought the cost of operating to the forefront. With manufacturing costs rising in California and exceeding the cost to manufacture in other parts of the United States and the world, ATCo must change its culture of how it does business and change the attitude of its workers to think "Better, Faster, Cheaper".

The company understands that changing its culture will not happen overnight, and the process must begin by training managers and supervisors on how to support growth of the company. Managers and supervisors must develop skills in communication, leadership, and teamwork if the company is to reach a new level of competence and performance.

The company proposes to train its managers and supervisors in Business and Continuous Improvement Skills.

NARRATIVE: (continued)

Business Skills training will provide managers and supervisors an understanding of the importance of communication. As operations have expanded, communication has become splintered affecting the company's ability to operate effective teams. Frontline workers are not hearing the same message causing frustration and tension within the plant. Managers and supervisors will learn to communicate customer information accurately up and down, and across the organization. They will develop listening skills, learn to give feedback effectively, and realize how to deliver a message that is clearly understood by all workers. In addition, they will learn how to organize their time and work load in order to be able to handle multiple tasks.

Continuous Improvement training will provide managers and supervisors with skills on how to lead and motivate. Improved leadership skills and teamwork are essential to move to a High Performance Workplace. They will learn how to administer, problem-solve, manage teams and make appropriate decisions in a High Performance Workplace environment. Each manager and supervisor will learn how his/her work impacts other workers. They will learn how to tear down the barriers between departments and understand that each employee has the same goals.

The proposed training is the first phase of training to change the culture of the company. When the training is complete, the company plans to request ETP funds to assist in training the rest of the workforce so that the company may continue to work toward the goal of becoming a High Performance Workplace. The Contractor plans to use some of the Managers and Supervisors as trainers for future training along with the use of the same vendor.

After training is complete, the company expects that it will be able to reduce cycle times, increase margins, and remain competitive in manufacturing in California.

Supplemental Nature of Training

The proposed training is new training and has never been provided before. As a small company, ATCO has been unable to provide any training in Business Skills and Continuous Improvement to upgrade the skills of its supervisors and managers.

To date, training has consisted of Manufacturing Skills, New Employee Orientation, Administrative and Financial Operations, Cross Training, Government-Mandated Safety training, CAL/OSHA training, ISO 9002, New Technology Transfers, New Equipment Skills, Welding and Laser Certification, Lean Manufacturing, Computer Skills, Engineering Skills, Sales and Marketing, and Metallurgical Science Skills.

The proposed training will foster a new culture of empowerment and accountability.

In-Kind Contribution

The employer contribution will total \$16,920, which is based on wages paid to trainees while in ETP-funded training.

COMMENTS:

Of the twelve participants in this project, seven trainees meet the Panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400 (ee) (3).

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funds are available and the project meets Panel priorities based on Advanced Technology Company's stated need to provide employees with skills to enhance its ability to remain competitive, to grow, and to maintain a continuing relationship with its customers. The implementation of this proposed training will enable the company to remain viable in the California economy.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1 Retraitees	Business Skills Continuous Improvement	12	60	0	0	\$1,200	\$17.60-\$36.25
						<u>Range of Hourly Wages</u> \$17.60-\$36.25	
						<u>Prevalent Hourly Wage</u> \$30.42	
						<u>Average Cost per Trainee</u> \$1,200	
<u>Health Benefit used to meet ETP minimum wage:</u> NA						<u>Turnover Rate</u> 5%	<u>% of Mgrs & Supervisors to be trained:</u> NA

Advanced Technology Company
Menu Curriculum

Hours

Class / Lab

60 hours

Trainees will receive any of the following types of training:

Business Skills

- Communication Skills
 - Building an Effective Communication Strategy
 - Effective Listening Skills – A Key to Understanding
 - Giving and Receiving Feedback
- Time Management & Organization Skills Training

Continuous Improvement Skills

- Developing Basic Leadership Skills
- Language of Quality
- Team Building Basic Skills
- Teaming For Results Skill Training
- Team Leader Facilitation Skill Training